

No. 2025-9387

**Official Order
of the
Texas Commissioner of Insurance**

Date: 07/07/2025

Subject Considered:

Texas Department of Insurance

v.

Jesus Barrera

SOAH Docket No. 454-24-09680.C

General Remarks and Official Action Taken:

The subject of this order is the disciplinary action brought against Jesus Barrera on the basis of allegations against him individually and also arising out of his role as the designated responsible licensed person for Seguro Medico, LLC (Seguro). This order revokes Mr. Barrera's nonresident general lines agent license.

Background

After proper notice was given, the above-styled case was heard by an administrative law judge for the State Office of Administrative Hearings. The administrative law judge made and filed a proposal for decision containing a recommendation that Mr. Barrera's nonresident general lines agent license be revoked. A copy of the proposal for decision is attached as Exhibit A.

Texas Department of Insurance (TDI) Enforcement staff filed exceptions to the administrative law judge's proposal for decision. Mr. Barrera filed a reply to TDI Enforcement staff's exceptions.

In response to the exceptions, the administrative law judge recommended revising the proposal for decision in response to some of TDI Enforcement staff's exceptions but declined to make all the requested changes. A copy of the administrative law judge's response to exceptions is attached as Exhibit B.

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TDI adopts the administrative law judge's proposed findings of fact and conclusions of law with a change to proposed Finding of Fact No. 17 as described in this order.

Legal Authority for the Change to Proposed Finding of Fact No. 17

The legal authority for the changes to the proposal for decision made in this order is TEX. GOV'T. CODE § 2001.058(e)(3), which provides that "[a] state agency may change a finding of fact or conclusion of law made by the administrative law judge, or may vacate or modify an order issued by the administrative judge, only if the agency determines . . . that a technical error in a finding of fact should be changed."

Proposed Finding of Fact No. 17 states:

Barrera did not engage in the authorized business of insurance.

However, the context of the proposal for decision and the administrative law judge's response to TDI Enforcement staff's exceptions indicates the administrative law judge intended to say that Mr. Barrera did not engage in the *unauthorized* business of insurance. This is shown by (1) the statement on page 24 of the proposal for decision, which says, "the Department failed to establish a basis for Barrera to be held individually liable for unauthorized business of insurance. . . "; (2) proposed Conclusion of Law No. 17, which says in part, "Seguro's publication of websites after surrender of its Texas license" may not be imputed to Mr. Barrera; and (3) the administrative law judge's response to TDI Enforcement staff's exceptions, which concludes that there was a lack of evidence to link Mr. Barrera to Seguro's continued engagement in the insurance business in Texas after its corporate license was surrendered.

On this basis, Finding of Fact No. 17 as adopted by this order is changed to state:

Barrera did not engage in the unauthorized business of insurance.

Misspelling of "Seguro"

On page 15 of the proposal for decision, Seguro's name is misspelled as "Segura" in the sentence:

Instead, because of Barrera's dishonesty, the Department was led to believe Walsh was disassociated with Segura and only Barrera and Krommelbein remained as Serguro's executive officers or directors.

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There is no separate entity identified as Segura in the proposal for decision, and the context of the exhibits, the transcript of the hearing, and the discussion in the proposal for decision indicate this spelling is a typographical error. This error is not repeated in a proposed finding of fact or conclusion of law, so no changes to the findings or conclusions are necessary to address it.

Findings of Fact

1. Proposed Findings of Fact Nos. 1–16, 18, and 19 as contained in Exhibit A are adopted and incorporated by reference into this order.
2. In place of proposed Finding of Fact No. 17 as contained in Exhibit A, the following finding of fact is adopted:

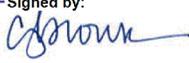
Barrera did not engage in the unauthorized business of insurance.

Conclusions of Law

The proposed conclusions of law contained in Exhibit A as revised consistent with Exhibit B are adopted and incorporated by reference into this order.

Order

It is ordered that Jesus Barrera's nonresident general lines agent license is revoked.

Signed by: 
FC5D7EDDFFBB4F8... _____
Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:

Signed by: 
5DAC5618BBC74D4... _____
Jessica Barta, General Counsel

Signed by: 
27ADF3DA5BAF4B7... _____
Justin Beam, Chief Clerk

**BEFORE THE
STATE OFFICE OF ADMINISTRATIVE
HEARINGS**

—
**TEXAS DEPARTMENT OF INSURANCE,
PETITIONER**

v.

**JESUS BARRERA,
RESPONDENT**

PROPOSAL FOR DECISION

The Texas Department of Insurance (Department) seeks disciplinary action against Jesus Barrera (Barrera) based on allegations against him individually and also arising out of his role as the designated responsible licensed person (DRLP) for Seguro Medico, LLC (Seguro). Seguro is an insurance agency previously named as a respondent in this case but dismissed in April 2024, when it surrendered its Texas license. After considering the evidence and the applicable law, the Administrative Law Judge (ALJ) finds that most of the Department's allegations were proven by a

preponderance of evidence and recommends revocation of Barrera’s license but denial of a cease-and-desist order.

I. NOTICE, JURISDICTION, AND PROCEDURAL HISTORY

There are no disputed issues of notice or jurisdiction, and those matters are addressed in the findings of fact and conclusions of law. The hearing on the merits was convened via Zoom videoconference on October 1, 2024, before ALJ Amy Wright. Attorney Anna Kalapach represented the Department. Barrera appeared and was represented by Attorney Bryan Lentz. Barrera presented a motion for continuance, which was denied. The hearing proceeded on October 1, 2024. The record closed on November 19, 2024, upon the filing of the parties’ written briefs.

II. SUMMARY OF EVIDENCE AND ALLEGATIONS

A. BACKGROUND AND CHRONOLOGY

In July 2021, the Department issued a non-resident general lines agent license to Barrera, who was an employee of Seguro.¹ At the time, Seguro held a non-resident agency license in Texas,² and its DRLP was Arthur Walsh (Walsh), who also held a Texas non-resident agent license.³ On November 3, 2022, the Department canceled Walsh’s Texas license when he surrendered his home state (Pennsylvania) license. Four and a half months later, on March 22, 2023, Seguro filed a sworn statement

¹ Stipulations (filed Sept. 19, 2024); Seguro Medico LLC and Jesus Barrera Resp. to 3d Am. Pet. and 3d Am. Notice of Hearing at 2 (filed July 3, 2024); Department (Dept.) Ex. 8; Transcript (Tr.) at 101.

² Stipulations; Resp. to 3d Am. Pet. at 3; Dept. Ex. 7.

³ Stipulations; Resp. to 3d Am. Pet. at 3; Dept. Ex. 9.

(FIN531) stating that Walsh was disassociated from Seguro's operations and designating Barrera as Seguro's new DRLP.⁴ Barrera's designation as Seguro's DRLP continued in effect for thirteen months, from March 22, 2023 until April 24, 2024,⁵ when Seguro's Texas license was canceled simultaneously with the surrender of its home state (Delaware) license.⁶ During the period Barrera served as Seguro's DRLP, four states took disciplinary action against Seguro and Walsh.⁷

B. DEPARTMENT'S BASES FOR DISCIPLINARY ACTION

The Department alleges⁸ that Barrera is subject to disciplinary action because:

- Barrera is not actively engaged in soliciting or writing insurance and has therefore not maintained his qualifications for licensure.⁹
- Barrera engaged in fraudulent or dishonest acts or practices.¹⁰ Specifically:
 - Barrera failed to disclose and actively concealed numerous officers, directors, managers, and persons controlling Seguro's operations.
 - Barrera failed to notify the Department of disciplinary actions taken against Seguro by four other states, and the bases for those out-of-state proceedings support discipline against Barrera individually.¹¹
 - Barrera failed to disclose and actively concealed that Walsh continued acting as an officer and person controlling Seguro's operations after Seguro's sworn statement to the contrary was filed with the Department on March 23, 2022.

⁴ Dept. Ex. 10.

⁵ Tr. at 43.

⁶ Stipulations; Resp. to 3d Am. Pet. at 3.

⁷ Stipulations; Resp. to 3d Am. Pet. at 6-7.

⁸ See Third Am. Notice of Hearing and 3d Am. Pet. (filed June 7, 2024).

⁹ See Tex. Ins. Code § 4005.101(b)(10).

¹⁰ See Tex. Ins. Code § 4005.101(b)(5).

¹¹ Barrera concedes that he did not timely notify the Department of the other states' actions against Seguro. Tr. at 37.

- Barrera willfully violated insurance laws of the State of Texas.¹² Specifically:
 - Barrera assisted Seguro in using an assumed name that is deceptively similar to that used by another entity authorized to engage in business in Texas, as well as assumed names that are not registered as required by 28 Texas Administrative Code § 19.902, in violation of Texas Insurance Code §§ 541.003 and .059(a).
 - Barrera assisted an unlicensed entity, Seguro, with engaging in the business of insurance in Texas in violation of Texas Insurance Code § 101.102(a).

C. EVIDENCE

The Department offered 75 exhibits,¹³ which were admitted, and called five witnesses: Barrera; former Seguro employee Brionna Myers; and three Department employees, Lewis Wright, Tenika Young, and Tony Garcia. Barrera testified on his own behalf and offered exhibits, which were included within Department exhibits. The parties agreed to reference all exhibits as marked by the Department.

III. BARRERA’S INDIVIDUAL QUALIFICATIONS FOR LICENSURE

The Department is required by statute to revoke, suspend, or refuse to renew an agent’s license for failure to maintain qualifications for licensure.¹⁴ One of those qualifications is active engagement in the business of insurance, *i.e.*, soliciting or

¹² See Tex. Ins. Code § 4005.101(b)(1).

¹³ Dept. Exs. 1-69, 22A, 60A, 62A, A-C (filed Oct. 28, 2024). Exhibits 60A and 62A were filed as Confidential.

¹⁴ Tex. Ins. Code § 4001.254. Disciplinary action is mandatory, not permissive, for failure to maintain qualifications for licensure: “The department *shall . . . revoke, suspend, or refuse to renew* the license of a license holder who does not maintain the qualifications necessary to obtain the license.” *Id.* (emphasis added). The requirements for licensure include *either* the active engagement in soliciting or writing of insurance *or* the intention to do so. Tex. Ins. Code § 4001.104(a)(1).

writing of insurance for the general public, or the intention to do so.¹⁵ To engage in the business of insurance, an agent must have an appointment by an insurer authorized to offer insurance products in Texas.¹⁶ The Department is authorized to discipline an agent upon finding that the agent is not actively engaged in soliciting or writing insurance for the public generally.¹⁷

A. BARRERA’S APPOINTMENTS

The Department alleged that Barrera did not have an appointment with a Texas insurer, and further that he has never held such an appointment.¹⁸ Barrera repeatedly denied this allegation, claiming that he held active appointments with four entities: United Healthcare, Washington National, Hawaii Mainland Administration, and MyShare.¹⁹

However, Barrera’s hearing testimony did not support these claimed appointments. He admitted that one of the Texas insurers he identified, MyShare, was not an insurance provider but rather a “Christian ministry product” or a “health share program” that sells “products” in Texas “as an alternative option to

¹⁵ Tex. Ins. Code § 4001.104(a)(1) (stating that “[t]he department may not issue a license as an agent to write any line of insurance unless the department determines that . . . the applicant is or intends to be actively engaged in the soliciting or writing of insurance for the general public and is to be actively engaged in the business of insurance...”).

¹⁶ Tex. Ins. Code § 4001.201.

¹⁷ Tex. Ins. Code § 4005.101(b)(10). This provision is permissive, not mandatory, but is specific to active engagement in soliciting or writing of insurance: “The department *may . . . discipline* a license holder . . . if the department determines that the . . . license holder . . . is not *actively engaged* in soliciting or writing insurance for the public generally . . .” *Id.* (emphasis added). Unlike the disciplinary *mandate* of § 4001.254, § 4005.101(b)(10) does not include the lesser standard of *intent to engage* in soliciting or writing of insurance.

¹⁸ Notice of Hearing and Orig. Pet. at 3 (filed Jan. 23, 2024).

¹⁹ Resp. to Orig. Pet. at 4; Resp. to 2d Am. Pet. at 3; Resp. to 3d Am. Pet. at 2.

insurance.”²⁰ Barrera also professed doubt about insurers United Healthcare, Washington National, and Hawaii Mainland Administration,²¹ testifying that he “probably” holds those appointments, but he was “not a hundred percent positive.”²² And in an apparent admission during later questioning, Barrera stated that Seguro stopped selling insurance in Texas after Walsh lost his license “[b]ecause I didn’t have any active appointments.”²³

Lewis Wright (Wright), a 17-year Department employee,²⁴ testified about the Department’s licensing records. Wright explained Barrera’s agent record with the Department shows no appointment with any insurer in Texas during the history of his licensure.²⁵ The entire section entitled “Qualifications” in Barrera’s record is absent. Wright underscored the significance: This section is where any and all appointments, whether active or inactive, are listed for an agent, so the absence of any information in this portion of Barrera’s record demonstrates that Barrera does not currently hold, and has never held, an appointment with any insurer in Texas.²⁶

The Department also offered statements (referred to as negative certifications) from United Healthcare and Washington National that they each had no record of

²⁰ Tr. at 44, 45.

²¹ Tr. at 46.

²² Tr. at 45.

²³ Tr. at 77.

²⁴ Tr. at 189.

²⁵ Dept. Ex. 8 at TDI0042. The absence of the section entitled “Qualifications” in Barrera’s record was demonstrated by comparison with Walsh’s record with the Department, which included a list of appointments that were no longer active. *See* Dept. Ex. 9 at TDI0046; Tr. at 193-195.

²⁶ Tr. at 195.

any appointment held by Barrera with their company.²⁷ Finally, the Department conducted a search for a Certificate of Authority for MyShare and presented a negative certification that no such record exists.²⁸ Wright testified that MyShare is not, therefore, an insurance company licensed to offer insurance in Texas.²⁹ These records and Wright’s testimony negate the statements made by Barrera in his pleadings and resolve his testimonial equivocations in favor of the Department’s position.

B. SOLICITING OR WRITING OF INSURANCE

In hearing testimony, Barrera admitted repeatedly that he does not sell insurance. He stated that he does not sell, solicit, or write insurance to Texas residents.³⁰ Even though he claimed to hold an appointment from MyShare, he was clear his relationship with that entity was not in sales: “[O]f course, I do not sell.”³¹ “I have not sold a single product.”³² For the actual insurers, he testified, “I probably have those other appointments as well, but I do not actively sell.”³³ And Barrera’s counsel conceded the issue in written closing argument. As Barrera’s own counsel put it: “Barrera never used the license to engage in sales himself.”³⁴

²⁷ Dept. Exs. 17, 18; Tr. at 196-197.

²⁸ Dept. Ex. 19; Tr. at 197-198.

²⁹ Tr. at 197-198.

³⁰ Tr. at 42-43.

³¹ Tr. at 44.

³² Tr. at 46.

³³ Tr. at 46; *see also* Tr. at 102, 127-128, 136.

³⁴ Closing Statement on Behalf of Resp. Jesus Barrera at 3 (filed Nov. 5, 2024).

The remaining basis for Barrera’s qualification for licensure would be an intention to engage in soliciting or writing insurance,³⁵ but Barrera’s testimony fell short of establishing that. Responding to a question about his motivation to get his agent’s license after spending years doing data analytics for the insurance industry, Barrera testified:

I personally just wanted to have it because I’ve been involved in insurance long enough. I wasn’t doing sales; but, you know, *it could have been potential. Just in case* I wanted to transition from Business Intelligence, I had it.³⁶

Later, when acknowledging that he was not presently using his license, Barrera stated that he “*might use it down the road.*”³⁷ In a subsequent recap, he testified: “I have that license because I want to have that license *just in case* I do want to sell, I do want to transition, or *possibly* do more”³⁸ At most, these statements show a desire to keep options open but fall short of the present intention required by statute.

The evidence establishes Barrera is not engaged in writing or soliciting insurance to the general public in Texas, and the evidence does not support an intention to do so. Barrera has therefore not maintained his qualifications for license, and the Department is required to revoke his license.³⁹ The ALJ now turns to the Department’s claims related to Barrera’s role as director and DRLP of Seguro.

³⁵ Tex. Ins. Code § 4001.104(a)(1) (“ . . . the applicant is *or intends to be* actively engaged in the soliciting or writing of insurance for the general public”) (emphasis added).

³⁶ Tr. at 102 (emphasis added).

³⁷ Tr. at 128-129 (emphasis added).

³⁸ Tr. at 136.

³⁹ The sanction of revocation is mandatory. *See* Tex. Ins. Code § 4001.254.

IV. BARRERA’S ROLE AS SEGURO’S DIRECTOR AND DRLP

The Department alleges that Barrera engaged in fraudulent or dishonest acts or practices, subjecting him to discipline pursuant to Texas Insurance Code § 4005.101(b)(5), in that Barrera failed to disclose and actively concealed information about Seguro’s operations as well as disciplinary actions taken against Seguro by other states. The Department further requests that Barrera be held responsible for Seguro’s wrongdoing established in the other states’ disciplinary proceedings as well as for Seguro’s use of assumed names that were deceptive or unregistered and Seguro’s unauthorized practice of the business of insurance.

A. SEGURO’S OFFICERS AND DIRECTORS

As an initial point, a corporation licensed in Texas is required to identify and provide information to the Department about each executive officer or director, or other person administering the entity’s operations in Texas,⁴⁰ and to update the Department within thirty days of the addition or removal of officers, directors, or managers.⁴¹ At least one officer of the corporation must hold an individual agent license in Texas, referred to herein as DRLP.⁴²

The evidence shows that Barrera understood that on March 22, 2023, he was identified to the Department as an executive officer or director at Seguro with the title “Director of BI Ops,” which is “Director of Business Intelligence.”⁴³ He was

⁴⁰ Tex. Ins. Code § 4001.252(b).

⁴¹ Tex. Ins. Code § 4001.252(c)(3).

⁴² Tex. Ins. Code § 4001.106(b)(2).

⁴³ Tr. at 43, 47-48, 57, 105-106.

designated by Seguro in a document entitled “Biographical Form and Certification of License Qualification Following a Change in Control” (FIN531) signed by Shannon Krommelbein (Krommelbein), who states in an attached affidavit that she is, and always has been, the “96% owner” of Seguro. The evidence further shows Barrera understood that the document also stated (and, thus, informed the Department) that Walsh, who was previously named as Seguro’s DRLP, was disassociated from Seguro.⁴⁴ With the disassociation of Walsh, only Barrera and Krommelbein remained as Seguro’s “executive officers, directors, or partners” in the Department’s records,⁴⁵ and only Barrera held a license in Texas.”⁴⁶ As such, Barrera became Seguro’s DRLP, and his willingness to continue serving in this role was necessary for the maintenance of Seguro’s agency license in Texas.

Seguro’s licensure record with the Department identifies Krommelbein as its Chief Operating Officer (COO), in addition to owning 96% of the entity. But when asked “Who owns Seguro Medico?”, Barrera testified: “My understanding is Arthur Walsh.”⁴⁷ When questioned about Kroemmelbein’s role at Seguro, Barrera testified:

[S]he wasn’t even in the office. . . . I wouldn’t say she had any job duties. I barely saw her. I just knew she was part of the company. . . . [T]he standing officer at that point in time was Arthur Wayne Walsh, who was the [Chief Executive Officer (CEO)] during that timeframe as of – up until all that stuff with Seguro happened with his license. . . . [S]he

⁴⁴ Tr. 48-49. The Department states that Walsh’s service as Seguro’s DRLP ended on November 3, 2022, when his Texas license was canceled simultaneously with the surrender of his home state (Pennsylvania) license.

⁴⁵ Tr. 89; Dept. Ex. 10 at TDI 0051 (FIN531); Dept. Ex. 7 (Seguro’s licensure record).

⁴⁶ Dept. Ex. 10 at TDI 0051; *see also* Dept. Ex. 11 (Department’s negative certification establishing that Kroemmelbein is not a licensed agent in Texas); Tr. at 200-201 (Wright’s testimony regarding Department Exhibit 11).

⁴⁷ Tr. at 47.

handled a lot of day-to-day tasks, but I don't – I wouldn't call her a Chief Operating Officer⁴⁸

After being confronted with Seguro's FIN531, Barrera endorsed the statement that Kroemmelbein was a 96% owner. He then seemingly reconciled the conflict in his earlier testimony by reiterating that Walsh was "an" owner, but "it looks like" *both* Walsh and Kroemmelbein are owners, with 4% and 96% ownership interests, respectively.⁴⁹ He said, "I just know that those two were the owners, and that's from that document [the FIN531]. Prior to that knowledge there, Arthur [Walsh] was the CEO."⁵⁰ To the Department's follow-up question "[W]hen you answered that Arthur [Walsh] was the owner, you thought functionally he was the owner?" Barrera responded, "Correct."⁵¹

Brionna Myers (Myers), a former Seguro employee, testified about Seguro's leadership during her three and a half years of employment. She worked at Seguro until April 28, 2024, leaving at approximately the same time that Seguro surrendered its Texas license. She testified that, during her employment, Walsh was "the CEO and the owner" of Seguro—he was referred to within Seguro as either CEO or COO.⁵² His role within Seguro was, however, "second in command" to a person Myers identified as Allen Redman (Redman), whose title was "business consultant."⁵³ According to Myers, Kroemmelbein had a role at Seguro only "[f]or a

⁴⁸ Tr. at 46-47.

⁴⁹ Tr. at 106-109.

⁵⁰ Tr. at 133.

⁵¹ Tr. at 133.

⁵² Tr. at 173-174.

⁵³ Tr. at 174. There was no evidence offered at hearing as to who owned the remaining 4% of Seguro's stock, other than the assumptions of Barrera and Myers that Walsh was "the owner" or "an owner" of Seguro.

short period of time,” and that role was directed at helping Myers with training and showing Myers how to train new hires.⁵⁴ Myers testified that when she extended employment offers, it was Redman who set the pay range for the new employees.⁵⁵ Notably, Barrera never identified Redman in response to the Department’s questions concerning the officers, directors, and persons controlling Seguro’s operations.⁵⁶

In addition to Walsh, Kroemmelbein, and Redman, the Department inquired about other persons whose photographs and names appear on websites operated by Seguro, along with titles that reflect management-level positions. Screenshots of website pages admitted into evidence⁵⁷ show these additional persons identified (many with first names only) and their job titles: Myers, Director of Client Relations;⁵⁸ Dezera Unger, Persistency Director;⁵⁹ Ashley Rosario, Director of Policy Management;⁶⁰ Daniel Hillbish, Vice President of Operations;⁶¹ Brent, Customer Service Director;⁶² Amela, Human Resources Director;⁶³ and Yasmery, Director of

⁵⁴ Tr. at 174. Myers testified that Kroemmelbein also helped her get her license set up. Tr. at 174.

⁵⁵ Tr. at 177-178.

⁵⁶ *See, e.g.*, Tr. at 88-89.

⁵⁷ Department investigator Tony Garcia testified as to the time and manner of obtaining those screenshots. Tr. at 151-166. As discussed further below, Seguro operated two of these websites under the assumed names “QuickHealth” and “Apollonia Health & Dental.” Department Exhibits 30-35 are screenshots from a website using the name “QuickHealth,” Exhibits 36-44 are from a website using a shortened version of Seguro Medico, “Seg-Med,” and Exhibits 45-53 are from a website using the trade name “Apollonia Health & Dental.”

⁵⁸ Dept. Exs. 34, 38, 42, 51.

⁵⁹ Dept. Exs. 34, 38, 42, 51.

⁶⁰ Dept. Exs. 34, 38, 42, 51.

⁶¹ Dept. Exs. 37, 46.

⁶² Dept. Ex. 35.

⁶³ Dept. Ex. 35.

Business Intelligence.⁶⁴ Four additional individuals are identified as holding “Manager” or “Coordinator” roles.⁶⁵

The actual job duties that any of these persons performed, or who was or might qualify as an officer, director, or manager of the corporation, was difficult for even Myers, an employee for more than three years holding a “Director” title herself, to pin down.⁶⁶ She testified that there were no corporate board meetings, and that while some of the corporate officer and director labels were accurate, “position[s] constantly change[d] within the company.”⁶⁷ Barrera testified that “director” titles were handed out to most or many employees,⁶⁸ although this testimony conflicts with the screenshots of Seguro’s lineup of employees admitted into evidence.⁶⁹ At one point, he claimed not to understand the terms “officer” and “director.”⁷⁰ However, he stated: “If you’re defining ‘officer’ as somebody with, like, a C suite, then it was just Arthur Wayne Walsh.”⁷¹

⁶⁴ Dept. Ex. 35.

⁶⁵ Those individuals and the titles attributed to them are Angel, Human Resources Coordinator; Josh, Client Relations Manager; Charles, Customer Happiness Manager; and Albert, Client Relations Manager. *See* Dept. Exs. 34, 38, 51.

⁶⁶ *See, e.g.*, Tr. at 176-177 (Myers offering an analysis of whether she was or was not a corporate officer).

⁶⁷ Tr. at 173.

⁶⁸ For example, “We gave [the title Director of Sales] to every single one of the salespeople.” Barrera was not sure if there was ever a “Director of Policy Management.” He further claimed that “most” salespeople were given the title “Director of Client Relations,” and “every” Customer Service rep was given the title “Persistency Director.”

⁶⁹ *See* Dept. Ex. 35.

⁷⁰ Tr. at 55, 88, 89.

⁷¹ Tr. at 90. He followed up by saying that this characterization of Seguro’s corporate leadership was as of March 22, 2023, “but then, like, a week or two later, he no longer was.” Tr. at 91. Despite questions throughout the hearing, Barrera was unable to identify any other persons controlling Seguro’s operations.

The evidence further demonstrates that Barrera was identified in varied and changing roles at Seguro, including Chief Financial Officer (CFO),⁷² Vice President of Client Relations,⁷³ and Sales Vice President.⁷⁴ When asked whether he had ever held these positions, his testimony was conflicting. Despite his many statements denying any experience in sales, he stated a belief that his work encompassed a sufficient connection to sales that “Vice President of Sales” was accurate; however, he was unequivocal that “CFO” was not.⁷⁵ He then reversed course and explained that his designation as CFO was accurate but claimed that he served as Seguro’s CFO only briefly.⁷⁶ At times, his testimony cast doubt on whether his role could plausibly be characterized as corporate officer, director, or manager.⁷⁷

Against this evidentiary backdrop, the evidence establishes that Barrera acted dishonestly in leading the Department to believe that only he and Krommelbein were Seguro’s executive officers or directors. The requirement of notifying the Department about “the addition or removal of *an officer, director, . . . or manager*”⁷⁸ is for good reason: Persons controlling and administering corporate licensees must not have disciplinary or criminal history that render them unfit for the insurance business in Texas.⁷⁹ Seguro’s agency record⁸⁰ and the testimony of Wright⁸¹ establish that

⁷² Dept. Ex. 35.

⁷³ Dept. Exs. 34, 38, 42.

⁷⁴ Dept. Exs. 30, 36, 40, 42, 45, 48.

⁷⁵ Tr. at 92.

⁷⁶ Tr. at 102-103.

⁷⁷ See Tr. at 20, 46, 48, 55, 56.

⁷⁸ Tex. Ins. Code § 4001.252(c)(3) (emphasis added).

⁷⁹ See Tr. at 218-219.

⁸⁰ Dept. Ex. 7.

⁸¹ Tr. at 221-225.

none of the persons publicly identified by Seguro as its officers, directors, and managers were ever identified to the Department as associated with Seguro. Instead, because of Barrera's dishonesty, the Department was led to believe Walsh was disassociated with Segura and only Barrera and Krommelbein remained as Seguro's executive officers or directors.⁸²

B. OTHER STATES' DISCIPLINARY ACTIONS AGAINST SEGURO

The Department must be notified within 30 days of an order or judgment suspending or revoking an insurer's right to transact business in another state, or its receipt of an order to show cause why its license should not be suspended or revoked.⁸³ The duty to notify the Department of *any* disciplinary proceeding is set out expressly, and was acknowledged by Seguro, in the FIN531 form designating Barrera as Seguro's DLRP.⁸⁴

The following disciplinary orders against Seguro were entered into evidence:

- Pennsylvania: Consent Order entered on November 1, 2022, in which Seguro surrendered its license. Walsh signed the Order as Seguro's President/Vice President.⁸⁵

⁸² On September 9, 2024, the Department filed a Motion for Sanctions, alleging that Barrera abused the discovery process by providing incomplete responses to discovery requests. Barrera listed only himself and Kroemmelbein as persons with knowledge of relevant facts, despite the existence of other persons whose names appear as officers or directors on Seguro websites, or in attestations in this proceeding. This issue goes to the heart of the proceeding, in that Barrera is charged with failing to notify and actively concealing these persons from the Department. The ALJ recommends the relief requested by the Department on the merits. Further sanction would be excessive and is denied. The Department further argued that Barrera failed to produce documents related to any changes made to websites operated by Seguro. The ALJ limited Barrera's testimony regarding such changes, and further sanction is denied.

⁸³ Tex. Ins. Code § 4001.252(c)(2) (referencing Tex. Ins. Code § 81.003, which requires disclosure within 30 days of suspension of the insurer's right to transact business in another state, or receipt of an order to show cause why the insurer's license in another state should not be suspended or revoked).

⁸⁴ Dept. Ex. 10. Barrera acknowledged receiving the documents related to his appointment as DRLP. Tr. at 105-106.

⁸⁵ Dept. Ex. 21.

- South Dakota: Administrative Action denying Seguro’s license on July 17, 2023.⁸⁶
- Delaware: Stipulation and Consent Order entered against Walsh and Seguro on July 24, 2023, partially resolving an administrative action.⁸⁷ Walsh signed the Order individually and on behalf of Seguro, as Seguro’s CEO.

Revocation of Walsh’s and Seguro’s licenses was sought in the underlying administrative action⁸⁸ and was recommended by a hearing officer after hearing.⁸⁹ Seguro surrendered its license on April 24, 2024, with Walsh signing as Seguro’s “Authorized Agency Representative.”⁹⁰

- Wisconsin: Stipulation and Order entered on November 21, 2023, in which Seguro and Walsh agreed to surrender their licenses. Walsh signed the Stipulation both individually and on behalf of Seguro.⁹¹
- Washington: Order entered against Seguro and Walsh on March 20, 2024, revoking their licenses, and ordering them to cease engaging in the insurance business in Washington.⁹²

Four of these actions⁹³ were finalized during Barrera’s tenure as Seguro’s DRLP. Barrera, through his counsel in opening and closing statements, conceded that Barrera did not notify the Department timely of these actions.⁹⁴ Further, Barrera disclaimed much, if any, knowledge about these proceedings,⁹⁵ which the Department characterizes as “burying his head in the sand” or wanton ignorance.⁹⁶

⁸⁶ Dept. Exs. 22, 22A.

⁸⁷ Dept. Ex. 26.

⁸⁸ Dept. Ex. 25.

⁸⁹ Dept. Ex. 27.

⁹⁰ Dept. Ex. 28.

⁹¹ Dept. Ex. 24.

⁹² Dept. Ex. 29.

⁹³ Those occurring in South Dakota, Wisconsin, Delaware, and Washington.

⁹⁴ Tr. at 36-37; Closing Statement on Behalf of Resp. Jesus Barrera (filed Nov. 5, 2024).

⁹⁵ Tr. at 71-77.

⁹⁶ Dept.’s Closing Arguments at 9.

Barrera’s testimony establishes, at a minimum, a dereliction of duty to be informed of the agency’s affairs as Seguro’s DRLP. Nevertheless, Barrera was aware that these proceedings were occurring, and that Seguro’s Texas license was impacted by the outcomes disclosed to him by “upper management.”⁹⁷ His responsibility for notifying the Department about out-of-state disciplinary proceedings arises from the duty to the Department he assumed, as set forth explicitly on the FIN531, when he was designated as DRLP.⁹⁸ His failure to disclose was dishonest and fraudulent, serving to delay any action by the Department regarding Seguro’s licensure in Texas.

However, citing § 4005.101(b) of the Texas Insurance Code, the Department contends more broadly that Barrera may be disciplined for the wrongdoing established in these other states’ proceedings. The Department states that Barrera can be held accountable for allowing Seguro to engage in these wrongful acts because, as a director, he had the power to direct or cause the direction of Seguro’s management.⁹⁹ This statute, however, does not support disregard of the legal requirements for piercing the corporate veil in an administrative action. The statute authorizes discipline of a corporation for the acts of its officers, directors, or shareholders, not the other way around.¹⁰⁰ Barrera may, of course, be held liable for his individual actions that are dishonest or fraudulent, committed in his role as

⁹⁷ Tr. at 55, 75-76, 134.

⁹⁸ See Dept. Ex. 10 at TDI 0053 (“[T]he officer(s), partners, and director(s) of this entity have the duty to inform the Commissioner of Insurance within thirty (30) days of any disciplinary action taken by a financial or insurance regulator of this state, another state, or the United States against the licensed entity. . . .”)

⁹⁹ Dept.’s Closing Arguments at 6 (filed Nov. 5, 2024).

¹⁰⁰ Texas Insurance Code § 4005.101(b) authorizes the Department to “discipline a license holder . . . if the department determines that the . . . license holder, individually or through an officer, director, or shareholder” committed specific acts of wrongdoing. Substituting “Barrera” for “license holder” where those words appear in the statute clarifies the corporate accountability issue. This statute permits corporate liability for the acts of its officers, directors, and shareholders.

Seguro's DRLP or otherwise; however, the wrongful acts of the agents named in those proceedings—including Walsh, who is individually named and disciplined by these other states—support disciplinary action against Seguro. They may not be imputed to Barrera based on the authority cited by the Department.¹⁰¹

C. WALSH'S ONGOING INVOLVEMENT WITH SEGURO

The Department contends that Seguro's sworn statement that Walsh was disassociated from Seguro was false, that Barrera was complicit in the falsehood, and that his failure to disclose and active concealment of Walsh's continued involvement in Seguro's operations was fraudulent and dishonest, subjecting him to discipline pursuant to Texas Insurance Code section 4005.101(b)(5).

Walsh was officially disassociated from Seguro in Texas when Seguro filed the FIN531 on March 22, 2023. Prior to that date, as Seguro's CEO, Walsh appeared to have sole authority to control of Seguro's operations, as "control" is defined in Section 4001.003(2) of the Texas Insurance Code. Barrera does not dispute that Walsh was still present and working at Seguro – in fact, on the morning of the hearing, Barrera sought a continuance because Walsh was not available to handle matters at the office while Barrera was out for the hearing.¹⁰² Yet Barrera characterized Walsh's ongoing involvement at Seguro after March 22, 2023, as limited and non-managerial, distinctly different from his role prior to disassociation.

¹⁰¹ In addition, the specific acts of wrongdoing described in those proceedings and the dates of their occurrence were not established. Two of the orders were Consent Orders in which Seguro's wrongdoing was specifically not admitted, either in whole or in part. The Washington Order describes complaints against Seguro, without specificity regarding dates or other particulars, from an investigation that began prior to 2022.

¹⁰² Respondent Jesus Barrera's Emergency Motion for Continuance of Hearing (filed Sept. 30, 2024); Tr. at 17-18.

In the context of a limited liability corporation, the term “disassociated” is used synonymously with “expulsion” or “removal,” signifying that the disassociated member has little or no ongoing involvement with the LLC.¹⁰³ On this standard, Walsh does not qualify as disassociated from Seguro. Barrera’s alleged concealment of Walsh’s involvement with Seguro lies within the scope of Walsh’s on-going role. Barrera admits that Walsh continued working at Seguro,¹⁰⁴ asserting only that he relinquished his position as CEO at the time the FIN531 was filed.¹⁰⁵ When asked whether Walsh had “any management role” within Seguro after March 22, 2023, Barrera responded:

I wouldn’t call him a management role. I think he was day-to-day business on -- if somebody needed assistance in a different department, he would help; but at no point in time was he the CEO saying, “You need to do this” or “You need to do that” or anything along those lines. It was more like, “This is what I would recommend in this situation,” or he might hop on the phones. . . . He would help throughout the departments.¹⁰⁶

Barrera’s description of Walsh is belied by the circumstances, *i.e.*, Walsh’s continued daily presence at Seguro combined with a number of incidents that reveal Walsh’s ongoing role as a person controlling Seguro’s operations, including:

Walsh Made Legal Decisions and Executed Legal Documents on Behalf of Seguro. As detailed above, Walsh executed the consent orders and other legal

¹⁰³ See, e.g., Construction and Application of Limited Liability Company Acts—Issues Relating to Formation of Limited Liability Company and Addition or Disassociation of Members Thereto, 43 A.L.R. 6th 611 §§ 31-45 (2009) (Disassociation of LLC Members).

¹⁰⁴ Tr. at 130-131.

¹⁰⁵ Tr. at 72.

¹⁰⁶ Tr. at 49.

documents in proceedings in Wisconsin and Delaware on July 24 and November 21, 2023, and April 24, 2024. He signed as Seguro's CEO and authorized agent, surrendering Seguro's licenses to conduct the business of insurance in those states. The surrender of a corporation's insurance license can only be characterized as an executive-level responsibility. Further, Barrera's testimony establishes that he was not involved these decisions. His deference to unnamed executives was made explicit when he testified that he followed instructions from "upper management" regarding which states were active for his business intelligence work, as Seguro's license was surrendered or revoked in various states and Seguro was ordered to cease and desist engaging in the insurance business around the country.¹⁰⁷

Seguro Identified Walsh as its CEO in Submissions to the Department.

On April 24, 2024, Seguro submitted a FIN531 designating a new DRLP, with Walsh's signing as "officer or partner of the agency."¹⁰⁸ Due to confusion about the signature, a Department employee corresponded with Seguro, and a May 3, 2024 email response from Seguro identified Arthur Walsh as its CEO.¹⁰⁹ The email exchange occurred between the Department and the email address shown in the Department's records as Seguro's official contact email address.¹¹⁰

Walsh's Unavailability to Manage Seguro's Operations was the Basis for Barrera's Motion for Continuance. One day before hearing, Barrera filed a motion for continuance based on Walsh being called away to care for his wife. The motion

¹⁰⁷ Tr. at 55, 75-76, 134.

¹⁰⁸ Dept. Ex. 54 at TDI 0493.

¹⁰⁹ Dept. Ex. 55 at TDI 0494.

¹¹⁰ Tr. at 149; Dept. Ex. 7.

states that “Walsh had to leave the office on an emergent basis and [Barrera] has had to take over his duties.”¹¹¹ Barrera’s counsel stated that the plan was that “Mr. Walsh would be running the operations of the office” while Barrera was in the hearing, but now the reverse was necessary.¹¹² The Department’s counsel noted, correctly, that this argument was an admission to the Department’s allegations in the proceeding.¹¹³

Barrera’s testimony, offered for the motion for continuance, downplayed Walsh’s executive or managerial authority; however, his reasoning was circular and not credible. He evaded questions related to his own role in running Seguro’s operations and avoided identifying anyone else who was responsible for doing so.¹¹⁴ He ultimately claimed that he did not understand what “operations” meant, in the context of running the operations of the company.¹¹⁵

In light of Walsh’s ongoing presence at Seguro and evidence that he continued functioning as a person controlling Seguro’s operations, Barrera’s assertion that Walsh was disassociated from Seguro, even in abdication of managerial or decision-making authority, is not credible. His attempt to mischaracterize the situation is dishonest and served as a fraud that allowed Seguro to continue as a licensed agent in Texas for the duration of his service as Seguro’s DRLP.

¹¹¹ Emergency Motion for Continuance at 1 (filed Sept. 30, 2024).

¹¹² Tr. at 14.

¹¹³ Tr. at 15.

¹¹⁴ Tr. at 20-24, 26.

¹¹⁵ Tr. at 25.

D. SEGURO’S USE OF ASSUMED NAMES

The Department alleges that Barrera assisted Seguro in using assumed names Quick Health and Apollonia Health & Dental, which were not registered with the Department, and further, that he had a duty to register those assumed names in his capacity as Seguro’s DRLP, but failed to do so, in violation of 28 Administrative Code § 19.902. The Department also alleges that Seguro’s use of the assumed name Quick Health is false, deceptive, and misleading because another entity named Quick Health, Inc., holds a general lines agency license issued by the Department, and Seguro’s unregistered assumed name Quick Health is deceptively similar, a violation of Texas Insurance Code § 541.059(a). It was undisputed at hearing that Seguro uses these assumed names;¹¹⁶ screenshots of websites operated by Seguro using both names were admitted into evidence.¹¹⁷ But, taking the allegations of failure to register and false and deceptive advertising as otherwise established, the issue is whether Barrera’s role in Seguro’s use of these names, both factually and legally, provides a basis for discipline against Barrera individually.

The Department did not establish as a factual matter that Barrera had any direct involvement with the design or publication of the websites. The Department’s argument, as set forth in its post-hearing brief, describes the corporation’s use of these assumed names, and argues that individual responsibility should be imputed to Barrera as an officer and in his role as Seguro’s DRLP. This argument is not supported by the authority cited by the Department.

¹¹⁶ As the Department pointed out through Barrera’s testimony, Seguro has been disciplined in other states for unregistered use of assumed names and has been ordered to cease and desist. Tr. at 71.

¹¹⁷ Dept. Exs. 30-35 (Quick Health), 45-53 (Apollonia Health & Dental).

Barrera’s designation as DRLP was necessary for Seguro to maintain its licensure, but the statute requires only that a corporate agency identify an officer or director licensed in Texas.¹¹⁸ The Department offered Wright’s testimony that this requirement is for “accountability of entities,”¹¹⁹ but the Department cites no authority¹²⁰ for the proposition that an individual director’s license may be jeopardized for the corporation’s violation of insurance laws. A corporate agency’s requirement to have a Texas-licensed officer or director contrasts with the statute for insurance adjusters, Texas Insurance Code § 4101.053(c)(2)(C), which requires as a qualification for a business entity’s adjuster licensure that the business entity designate an individual licensed adjuster who is “*responsible for the business entity’s compliance with the insurance laws of this state.*” The authority cited by the Department for imposing individual responsibility on a corporate officer or director in the agency context does not provide for individual responsibility in this manner.

E. SEGURO’S UNAUTHORIZED BUSINESS OF INSURANCE

The Department alleges that the online publication of Seguro’s websites, which were available for viewing by Texas residents after Seguro surrendered its Texas license, constitutes the unauthorized business of insurance by Seguro. Barrera testified the websites remained available online until July or August 2024,¹²¹ months after Seguro’s license was surrendered on April 24, 2024. While this claim may be valid against Seguro, the Department seeks discipline against Barrera individually on

¹¹⁸ Tex. Ins. Code § 4001.106(b)(2).

¹¹⁹ Tr. at 204.

¹²⁰ Other than Tex. Ins. Code § 4001.106(b)(2), which as discussed in Section IV(B) above, does not provide for imputing corporate acts of wrongdoing to individual officers and directors.

¹²¹ Tr. at 67-70.

the same basis as the claims above, as a corporate director and Seguro's DRLP, which § 4001.106(b)(2) does not support. As a result, the Department failed to establish a basis for Barrera to be held individually liable for unauthorized business of insurance in violation of § 101.102(a) of Texas Insurance Code.

V. ANALYSIS

Section 4005.101(b) of the Texas Insurance Code authorizes disciplinary action against license holders by the Department. The three provisions of that statute asserted here against Barrera are: (1) failing to maintain qualifications for licensure; (2) engaging in fraudulent and dishonest practices, and (3) willfully violating insurance laws of the State of Texas.

Failure to Maintain Qualifications for Licensure. Barrera held no appointments, did not engage in soliciting and writing of insurance for the general public, and does not evidence an intention to do so. The Department must revoke his license on this basis.

Engaging in Fraudulent and Dishonest Practices—Seguro's Officers and Directors. The evidence establishes that Barrera participated in misleading the Department and the general public about Seguro's corporate structure and management. His efforts to obscure Walsh's role as well as the identities and roles of other corporate officers, directors, and managers constitutes dishonesty and fraudulent acts and practices in violation of Texas Insurance Code § 4005.101(b)(5). The Department should revoke his license for this conduct.

Engaging in Fraudulent and Dishonest Practices—Other States’ Disciplinary Proceedings. The evidence establishes that Barrera failed to timely notify the Department of disciplinary actions against Seguro. His deliberate indifference regarding those proceedings and his involvement in concealing them from the Department by omission constitute dishonesty and fraudulent acts and practices in violation of Texas Insurance Code § 4005.101(b)(5). However, the wrongdoing that was the basis for those proceedings -- the actions of Walsh and other agents that supported corporate responsibility against Seguro in those other states -- cannot be attributed to Barrera individually. And, thus, the Department may revoke Barrera’s license for his concealment and failure to disclose the out-of-state proceedings as dishonest and fraudulent acts, but the allegations underpinning those actions cannot be imputed to Barrera or serve as the basis for relief in this proceeding.

Willful Violations of Insurance Laws. The Department did not establish Barrera’s responsibility for Seguro’s use of unregistered assumed names,¹²² including a name that is deceptively similar to another licensed entity in Texas,¹²³ or Seguro’s unauthorized engagement in the insurance business¹²⁴ after it surrendered its Texas license. The Department presented evidence of these violations by Seguro, but Seguro surrendered its license and is no longer a party in this proceeding. The Department did not establish a factual basis for Barrera to be held individually responsible for violations of these insurance laws, and the authority cited by the Department does not support individual officer or director responsibility for

¹²² See 28 Tex. Admin. Code § 19.902.

¹²³ See Tex. Ins. Code §§ 541.003, .059(a).

¹²⁴ See Tex. Ins. Code § 101.102(a).

violations of law by the corporate entity. Accordingly, the Department's request for a cease-and-desist order against Barrera individually is not supported by the record.

VI. FINDINGS OF FACT

1. The Texas Department of Insurance (Department) issued Seguro Medico LLC (Seguro), a Delaware limited liability company, a non-resident general lines agency license in 2020 that was cancelled on April 24, 2024.
2. The Department issued Arthur Walsh (Walsh) a non-resident general lines agent license in 2020 that was cancelled by the Department on November 3, 2022.
3. Walsh served as the Designated Responsible Licensed Person (DRLP) for Seguro from 2020 until November 3, 2022.
4. The Department issued Jesus Barrera (Barrera) a non-resident general lines agency license in 2021.
5. Seguro filed a Form FIN531 (FIN531) with the Department on March 22, 2023, stating that Walsh was disassociated from Seguro and identifying Barrera as an officer or director of Seguro with the title Director of Business Intelligence Operations.
6. Barrera served as Seguro's DRLP from March 22, 2023, until April 24, 2024.
7. From March 22, 2023, until Seguro's license was cancelled on April 24, 2024, Barrera was the sole individual associated with Seguro in the Department's records who held a Texas agent's license.
8. Barrera's designation as Seguro's DRLP served to maintain Seguro's qualifications for agency licensure in Texas from March 22, 2023 to April 24, 2024.
9. Barrera does not currently hold, and has never held, an appointment by an insurer licensed to offer insurance products in Texas.

10. Barrera is not actively engaged in writing or soliciting insurance for the general public in Texas, nor does he have the intention to do so.
11. Walsh and other individuals served as officers, directors, managers, or persons controlling Seguro's management and policies after March 22, 2023.
12. The Department was not notified that Walsh or other individuals served as officers, directors, managers, or persons controlling Seguro's management and policies after March 22, 2023.
13. Barrera knew that the statement to the Department in the FIN531 that Walsh was disassociated from Seguro was false.
14. Barrera engaged in fraudulent or dishonest practices by misrepresenting and concealing the identity of individuals who exercised control over Seguro's operations, their titles, roles, and authority within Seguro's corporate structure.
15. During the time Barrera served as Seguro's DRLP, four states took disciplinary action against Seguro's license to conduct insurance business. Barrera engaged in fraudulent or dishonest practices by failing to notify and concealing these disciplinary actions from the Department.
16. Barrera was not individually involved in Seguro's publication of websites using the names Quick Health and Apollonia Health & Dental.
17. Barrera did not engage in the authorized business of insurance.
18. On June 7, 2024, the Department mailed a notice of hearing to Barrera. The notice of hearing contained a statement of the time, place, and nature of the hearing; a statement of legal authority and jurisdiction under which the hearing was to be held; a reference to the particular sections of the statutes and rules involved; and either a short, plain statement of the factual matters asserted or an attachment that incorporated by reference the factual matters asserted in the complaint or petition filed with the state agency.
19. The hearing in this case was held on October 1, 2024, before Administrative Law Judge Amy Wright via Zoom videoconference. Attorney Anna Kalapach

represented the Department. Attorney Brian Lentz represented Barrera. The record closed on November 19, 2024.

VII. CONCLUSIONS OF LAW

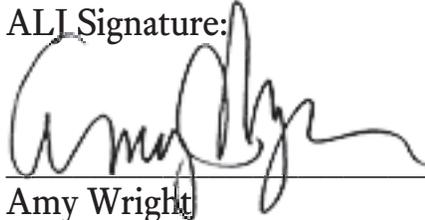
1. The Department has jurisdiction over this matter. Tex. Ins. Code §§ 82.051, 4005.101-.102.
2. SOAH has authority to hear this matter and issue a proposal for decision with findings of fact and conclusions of law. Tex. Gov't Code ch. 2003; Tex. Ins. Code § 84.043.
3. Barrera received timely and sufficient notice of hearing. Tex. Gov't Code §§ 2001.051-.052.
4. The Department had the burden of proof to establish grounds for disciplinary action against Barrera. 1 Tex. Admin. Code § 155.427.
5. The standard of proof is by a preponderance of the evidence. *Granek v. Tex. St. Bd. Of Med. Examn'rs*, 172 S.W.3d 761, 777 (Tex. App. — Austin 2005, no pet.).
6. To obtain an agent license, an applicant must be or intend to be actively engaged in the soliciting or writing of insurance for the general public and be actively engaged in the business of insurance. Tex. Ins. Code § 4001.104(a)(1).
7. In order to engage in business as an agent, a person must be appointed by an insurer authorized to do business in Texas. Tex. Ins. Code § 4001.201.
8. Barrera failed to maintain the qualifications necessary to obtain his agent license. Tex. Ins. Code § 4001.104(a)(1).
9. The Department is required to revoke, suspend, or refuse to renew Barrera's licensure for failure to maintain his qualifications for licensure. Tex. Ins. Code § 4001.254.

10. The Department may discipline Barrera because he is not actively engaged in soliciting or writing insurance for the general public pursuant to Texas Insurance Code § 4001(b)(10).
11. A corporation must identify to the Department each executive officer, director who administers the entity's operation in the state and each shareholder who is in control of the corporation. Tex. Ins. Code § 4001.252(b)(1), (2).
12. To obtain a license, a corporation must have at least one officer who is individually licensed by the Department. Tex. Ins. Code §4001.106(b)(2).
13. A corporation must update the Department within thirty days of the addition or removal of officers, directors, or managers. Tex. Ins. Code § 4001.252(c)(3).
14. A corporation must notify the department not later than the thirtieth day after the suspension or revocation of the corporation's right to transact business in another state, or receipt of an order to show cause why the corporation's license in another state should not be suspended or revoked. Tex. Ins. Code §§ 4001.252(c)(2), 81.003(b).
15. Barra engaged in fraudulent or dishonest acts or practices in violation of Texas Insurance Code § 4005.101(b)(5).
16. Texas Insurance Code § 4005.101(b) allows the Department to discipline a corporation based on actions of its officers, directors, or shareholders.
17. The following acts of wrongdoing by Seguro and its agents may not be imputed to Barrera individually solely based on his role as a director or his designation as DRLP of Seguro: the wrongful acts that were alleged or found as a basis for disciplinary action against Walsh and Seguro in other states, Seguro's use of unregistered assumed names, Seguro's use of an assumed name that is deceptively similar to another authorized entity's name, and Seguro's publication of websites after surrender of its Texas license.
18. The Commissioner of Insurance should not issue a cease-and-desist order.
19. The Department must revoke Barrera license. Tex. Ins. Code § 4001.254.

2025-9387

Signed January 21, 2025.

ALJ Signature:

A handwritten signature in black ink, appearing to read 'Amy Wright', written over a horizontal line.

Amy Wright

Presiding Administrative Law Judge

2025-9387**Exhibit B**

State Office of Administrative Hearings

Kristofer S. Monson
Chief Administrative Law Judge

March 19, 2025

FILED
454-24-09680
3/19/2025 11:11 AM
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Carol Hale, CLERK

Rachel Cloyd, Anna Kalapach, & Chief Clerk

VIA EFILE TEXAS

Bryan R. Lentz

VIA EFILE TEXAS

Evelyn Edwards &
Al T. Taxis Meyer, Knight, Steadman & Taxis, PLLC

VIA EFILE TEXAS

RE: Docket Number 454-24-09680.C
Texas Department of Insurance v. Jesus Barrera

ACCEPTED
454-24-09680
3/19/2025 11:13:34 am
STATE OFFICE OF
ADMINISTRATIVE HEARINGS
Carol Hale, CLERK

Dear Parties:

A Proposal for Decision (PFD) was issued on January 21, 2025. Staff of the Texas Department of Insurance (the Department or TDI) timely filed Exceptions to the PFD on February 5, 2025, and Respondent Jesus Barrera filed a timely Response to TDI's Exceptions on February 19, 2025.

On the following six items, there is no dispute between the parties, and the ALJ makes these changes to the PFD:

1. The reference to Respondent Jesus Barrera in Conclusion of Law No. 15 is amended to "Barrera," where it was previously "Barra."
2. The citation to Texas Insurance Code Section "4001(b)(10)" in Conclusion of Law No. 10 is amended to "4005.101(b)(10)."
3. References to the Department in Conclusions of Law Nos. 1 and 19 are amended to refer to the Commissioner of Insurance (Commissioner).

4. Citations supporting the Commissioner's jurisdiction in Conclusion of Law No. 1 are amended to add: Tex. Ins. Code §§ 82.052, 4054.051, 4056.052.
5. The statutory mandate to revoke Barrera's license in Conclusion of Law No. 19 is amended to include a citation to Tex. Ins. Code § 4001.104(a), in addition to Tex. Ins. Code § 4001.254 cited in the PFD.
6. Conclusion of Law No. 19 is amended to include the discretionary bases for the Commissioner's revocation of Barrera's license by adding the following sentence:

The Commissioner has discretion to, and should, revoke Barrera's license under Tex. Ins. Code §§ 4005.101(b)(5), (10).

There is a dispute regarding TDI's Exception to the PFD and request for changes to Findings of Fact Nos. 16 and 17 and Conclusions of Law Nos. 17 and 18, as TDI essentially seeks to re-urge matters that were raised at hearing.

TDI did not establish by a preponderance of evidence that Barrera was individually responsible for Seguro's use of unregistered assumed names or Seguro's unauthorized engagement in the insurance business. The excerpts that TDI claims show that Barrera was in "complete control" of the corporate entity, Seguro, conflict with much evidence that Arthur Walsh continued as the corporation's only functioning executive officer, despite the coordinated effort to obfuscate his role. Barrera's complicity in hiding Walsh's involvement served as the basis for findings of fraud and dishonesty, justifying the revocation of Barrera's license as TDI urged in other claims.

The evidence was lacking with regard to actions taken by Barrera individually that would link him to the corporation's creation and publication of websites, or any other use of assumed names or other acts constituting Seguro's continued engagement in the insurance business in Texas after its corporate license was surrendered. The ALJ concludes that the preponderance of the evidence does not establish individual liability against Barrera on these two claims. Accordingly, the ALJ makes no changes to Findings of Fact Nos. 16 and 17 or Conclusions of

2025-9387

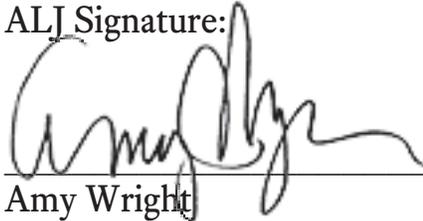
Exceptions Letter

March 19, 2025

Page 3 of 3

Law Nos. 17 and 18, and with the changes noted above, the PFD is ready for consideration by the Commissioner.

ALJ Signature:

A handwritten signature in black ink, appearing to read "Amy Wright", written over a horizontal line.

Amy Wright

Presiding Administrative Law Judge

CC: Service List